

INDIANAPOLIS DEPARTMENT OF WATERWORKS
BOARD OF DIRECTORS

RESOLUTION NO. 5, 2005

AUTHORIZATION OF SETTLEMENT AND RELEASE AGREEMENT

WHEREAS, the Department of Waterworks (the "Department") is involved as a defendant in that certain lawsuit filed in the United States District Court for the Southern District of Indiana, as Cause No. 1:03-CV-0567 DFH-WTL (the "Lawsuit");

WHEREAS, the Department, the other defendants and the plaintiffs (the "Plaintiffs") in the Lawsuit are willing to settle and resolve their differences pursuant to the terms and conditions of the agreement attached hereto as Exhibit A and incorporated herein by reference (the "Agreement") wherein the Plaintiffs agree to dismiss the Lawsuit and covenant not to appeal or sue;

WHEREAS, the Board of Directors (the "Board") of the Department has determined it is in the best interests of the Department and necessary and desirable to approve and enter into the Agreement; and

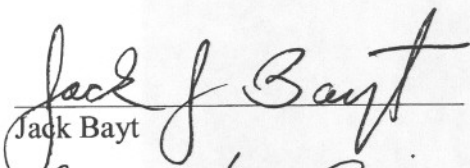
NOW, THEREFORE, BE IT RESOLVED by the Board that the Agreement is hereby authorized and approved.

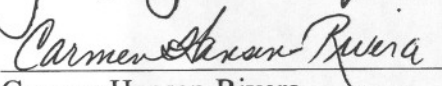
BE IT FURTHER RESOLVED by the Board that the Chair of the Board, in consultation with the Director of Contracts and Operations of the Department, the Office of Corporation Counsel and the Controller's Office, is hereby authorized and directed to: (i) prepare, execute and deliver the Agreement and every other document, certificate, instrument, agreement or affidavit as may be necessary, convenient or proper to effectuate the intent and purposes of the Agreement, as appropriate; (ii) prepare, execute and deliver each and every document, certificate, instrument, agreement or affidavit as may be necessary, convenient or proper to effectuate the intent and purposes of these resolutions, as appropriate; and (iii) to take any and all such additional action as may be necessary, convenient or proper to effectuate the intent and purposes of these resolutions, as appropriate; and

BE IT FURTHER RESOLVED by the Board that it ratifies any and all actions of the Director of Contracts and Operations, the Controller's Office and the Office of Corporation Counsel previously undertaken as may have been necessary, convenient or proper to effectuate the intent and purposes of these resolutions.

ADOPTED during a meeting of the Board this 20th day of January 2005.

**CONSOLIDATED CITY OF INDIANAPOLIS,
DEPARTMENT OF WATERWORKS,
BOARD OF DIRECTORS**

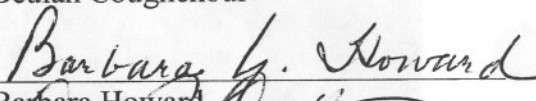


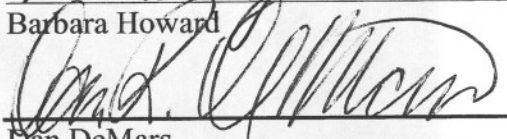
Jack Bayt


Carmen Hansen-Rivera

Samuel L. Odle

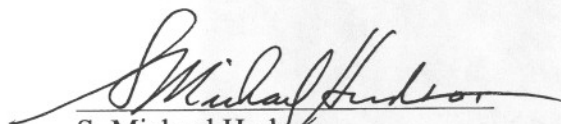
Beulah Coughenour



Barbara Howard


Dan DeMars

Attest:



S. Michael Hudson,
Secretary-Treasurer

SETTLEMENT AND RELEASE AGREEMENT

This Settlement and Release Agreement ("Agreement") is entered into by and between (a) the Consolidated City of Indianapolis, Marion County Indiana, and the Department of Waterworks of the Consolidated City of Indianapolis, Marion County, Indiana (together, the "City Defendants"), (b) Veolia Water North America Operating Services, LLC., f/k/a USFilter Operating Services, Inc., and Veolia Water Indianapolis, LLC, f/k/a USFilter Indianapolis Water, LLC (together, the "Veolia Defendants"), (c) John Wood, James J. Keene and Dave Ward (collectively, the "Individual Defendants"), and (d) Thomas F. Plummer, John Kline, Jr., Dan L. Robertson and Robert Stafford (collectively, the "Plaintiffs").

Recitals

A. On August 29, 2002, Plaintiffs (along with Joseph Schofield and Samuel D. Boyer) filed a lawsuit against the City Defendants and IWC Resources Corporation that was subsequently removed to the United States District Court for the Southern District of Indiana, Cause No. 1:02-CV-1495 DFH (the "First Lawsuit"). Plaintiffs voluntarily moved to dismiss the First Lawsuit which the Court approved on July 18, 2003.

B. On April 18, 2003, Plaintiffs filed a lawsuit against the City Defendants, the Veolia Defendants, and the Individual Defendants that is currently pending in the United States District Court for the Southern District of Indiana, Cause No. 1:03-CV-0567 DFH-WTL (the "Second Lawsuit").

C. In its Entry on Motions to Dismiss dated August 17, 2004, the Court dismissed with prejudice the first eleven counts of the Second Lawsuit (the "Entry").

D. The parties are willing to settle and resolve their differences pursuant to the terms and conditions of this Agreement.

Agreement

In consideration of the premises, the mutual covenants contained herein and each act done pursuant hereto, the parties agree as follows:

1. Dismissal of Second Lawsuit. Upon execution of this Agreement, the Plaintiffs shall execute a Stipulation of Dismissal in the form attached to this Agreement as Exhibit A, dismissing the Lawsuit, with prejudice, and requiring that each party bear his or its own costs and attorneys' fees.

2. Covenant Not to Appeal or Sue. Each Plaintiff covenants and agrees that he will not appeal the Entry or take any steps directly or indirectly in furtherance of an appeal of the Entry. Each Plaintiff further covenants and agrees that he will not at any future time bring any suit or commence any action or proceeding (or assist directly or indirectly any individual or entity in bringing or commencing any suit, action or proceeding) in any forum, criminal or civil, administrative or judicial, state or federal, against any of the City Defendants, Veolia Defendants, or Individual Defendants or, as applicable, any of the City Defendants', Veolia Defendants' or Individual Defendants' respective departments, agencies, parents, subsidiaries, affiliates, predecessors, successors, or assigns (collectively, "Affiliates") or, as applicable, against any of the City Defendants', Veolia Defendants', Individual Defendants' or Affiliates' respective present or former partners, officers, directors, shareholders, agents, elected or appointed officials, independent contractors, employees, representatives, or attorneys (in their representative as well as their individual capacities) on account of or arising out of or in any way related to (a) any matters that were alleged in the First Lawsuit, (b) any matters that were alleged in the Second Lawsuit, and/or (c) the Entry. Each Plaintiff further covenants and represents that, except for the First Lawsuit and the Second Lawsuit, he has not commenced or participated in any investigation, proceeding or action and that he is unaware of any investigation, proceeding or action arising out of or in any way related to

(a) any matters that were alleged in the First Lawsuit, (b) any matters that were alleged in the Second Lawsuit, and/or (c) the Entry.

3. Release by the Plaintiffs. Each Plaintiff hereby RELEASES AND FOREVER DISCHARGES each of the City Defendants, Veolia Defendants, Individual Defendants, Affiliates and, as applicable, each of the City Defendants', Veolia Defendants', Individual Defendants' and Affiliates' respective present and former partners, officers, directors, shareholders, agents, elected and appointed officials, independent contractors, employees, representatives, and attorneys (in their representative as well as their individual capacities) from any and all claims, demands, damages, costs, expenses, and causes of action of any kind or nature, whether known or unknown, including without limitation any claims alleging violation or breach of any federal, state, or local statute, regulation, ordinance, or common law, and/or breach of any contract that each Plaintiff has or may have on account of or arising out of or in any way related to (a) any matters that were alleged in the First Lawsuit, (b) any matters that were alleged in the Second Lawsuit, and/or (c) the Entry.

4. Release by the City Defendants, Veolia Defendants and Individual Defendants. The City Defendants, Veolia Defendants and Individual Defendants each hereby RELEASE AND FOREVER DISCHARGE each Plaintiff and all of his respective present and former agents, representatives, or attorneys (in their representative as well as their individual capacities) from any and all claims, demands, and causes of action seeking attorneys' fees or costs that each of the City Defendants, Veolia Defendants or Individual Defendants has or may have on account of or arising out of or in any way related to (a) any matters that were alleged in the First Lawsuit (b) any matters that were alleged in the Second Lawsuit, and/or (c) any claim for attorneys' fees for the defense of the First Lawsuit or Second Lawsuit as the prevailing party under the Employment Retirement Income Security Act. As to the Veolia Defendants and the Individual

Defendants, this release does not include any matters relating to the Plaintiffs' employment with Veolia Water Indianapolis, LLC.

5. No Admission. It is understood and agreed by the parties that this Agreement does not constitute an admission by any party as to the merits of any claims or defenses that were alleged in or that could have been alleged in the First Lawsuit or Second Lawsuit.

6. Additional Acknowledgments, Covenants and Agreements by the Plaintiffs. Each Plaintiff further acknowledges, covenants and agrees that in executing this Agreement he does not rely upon and has not relied upon any representation or statement by any of the City Defendants, Veolia Defendants or Individual Defendants (or by any of such defendants' attorneys or representatives) with regard to the subject matter, basis or effect of this Agreement, other than those specifically stated in this Agreement. Each Plaintiff further acknowledges and agrees that he is represented by legal counsel and has had the opportunity to consult with legal counsel before signing this Agreement, that he has read and understands this Agreement, and executes it voluntarily and of his own free will.

7. Miscellaneous Terms and Conditions.

a. This Agreement sets forth the entire agreement between the parties with respect to the subject matter of this Agreement and fully supersedes all prior negotiations, representations and agreements, whether written or oral, between the parties with respect to the subject matter of this Agreement. This Agreement may be modified only by written agreement of the parties.

b. The terms and conditions of this Agreement shall extend to, be binding upon and inure to the benefit of the heirs, administrators, representatives, executors, successors and assigns of the parties.

c. This Agreement shall be construed in accordance with and pursuant to the internal laws of the State of Indiana, without regard to conflict of laws principles.

d. Each party has had an ample opportunity to make suggestions or changes to the terms and conditions in this Agreement. The terms and conditions of all parts of this Agreement shall in all cases be construed as a whole, according to their fair meaning, and not strictly for or against any drafter.

e. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

(Signature page follows)

The Consolidated City of Indianapolis,
Marion County, Indiana

By: _____

Printed: _____

Its: _____

Dated: _____

The Department of Waterworks of the
Consolidated City of Indianapolis, Marion
County, Indiana

By: _____

Printed: _____

Its: _____

Dated: _____

Veolia Water North America Operating
Services, LLC, f/ka USFilter Operating
Services, Inc.

By: _____

Printed: _____

Its: _____

Dated: _____

Veolia Water Indianapolis, LLC, f/k/a
USFilter Indianapolis Water LLC

By: _____

Printed: _____

Its: _____

Dated: _____

John Wood

Signature

Dated: _____

James J. Keene

Signature

Dated: _____

Dave Ward

Signature

Dated: _____

Thomas F. Plummer

Signature

Dated: _____

John Kline, Jr.

Dan L. Robertson

Signature

Signature

Dated: _____

Dated: _____

Robert Stafford

Signature

Dated: _____

APPROVED:

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Water Indianapolis, LLC, f/k/a USFilter Indianapolis
Water, LLC, John Wood, James J. Keene, and Dave Ward

#186123

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

THOMAS F. PLUMMER, JOHN KLINE, JR.,
DAN L. ROBERTSON, and ROBERT
STAFFORD, on behalf of themselves and all
others similarly situated,

Plaintiffs,

vs.

CAUSE NO. 1:03-CV-0567 DFH-WTL

THE CONSOLIDATED CITY OF
INDIANAPOLIS, MARION COUNTY,
INDIANA; THE DEPARTMENT OF
WATERWORKS OF THE CONSOLIDATED
CITY OF INDIANAPOLIS, MARION
COUNTY, INDIANA; USFILTER
OPERATING SERVICES, INC.; USFILTER
INDIANAPOLIS WATER, LLC; JOHN
WOOD; JAMES J. KEENE; and
DAVE WARD,

Defendants.

STIPULATION OF DISMISSAL WITH PREJUDICE

Pursuant to Rule 41(a) of the Federal Rules of Civil Procedure, plaintiffs Thomas F. Plummer, John Kline, Jr., Dan L. Robertson, and Robert Stafford, and defendants the Consolidated City of Indianapolis, Marion County, Indiana, the Department of Waterworks of the Consolidated City of Indianapolis, Marion County, Indiana, USFilter Operating Services, Inc., USFilter Indianapolis Water, LLC, John Wood, James J. Keene, and Dave Ward, by counsel, stipulate and agree to the dismissal, with prejudice, of all claims which are alleged or could have been alleged by plaintiffs against defendants in this action. Each party to bear his or its own costs and attorneys' fees. All costs in this action have been paid.

Exhibit A

Respectfully submitted,

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Donald C. Biggs
Gayle A. Reindl
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